

STATUS OF MATERIAL LITIGATIONS AS AT 27 OCTOBER 2011**Legal Action against Y&G Corporation Bhd (“Y&G”)****(i) Lee Hock Soon vs Y&G Corporation Bhd (“Y&G”)
Kuala Lumpur High Court Suit No. D22-840-2009**

Plaintiff had, on 27 May 2009, filed a claim against Y&G for a sum of RM622,920.49 being monies advanced by the Plaintiff to the Defendant from Year 2002 till 2005 plus 8% interest per annum on the said sum calculated from the date of the Writ until the date of its full settlement. Lee Hock Soon was a former Director of Y&G at all material times until his resignation on 12 September 2005. Y&G had appointed solicitors to defend against the said claim and had, on 12 June 2009, served its Statement of Defence to the Plaintiff's Solicitors. The Honourable Court has fixed the case for Case Management on 13 January 2010 and the Company has also duly-served its Bundle of Documents to the Plaintiff Solicitors. On 22 March 2010, both parties attended a mediation in the presence of a Judge but failed to reach an amicable settlement. Upon Y&G's new Solicitors' advice, Y&G has, in end July 2010, filed in an Amended Statement of Defence. The Plaintiff had, on 22 November 2010, filed his Amended Reply dated 19 November 2010. Upon the case management held on 24 January 2011, the matter has been fixed for case management (before the Deputy Registrar) on 11 March 2011, for case management (before the Honorable Judge) on 6 May 2011 and for trial on 22 June 2011 and 23 June 2011. Upon the case management held on 11 March 2011, the matter has been fixed for further case management (before the Deputy Registrar) on 11 April 2011 and 28 April 2011, for case management (before the Honorable Judge) on 6 May 2011 and for trial on 22 June 2011 and 23 June 2011. The Directors are in the opinion that the claims are without basis nor authority.

Status: The full trial hearing of the Case was held on 22 June 2011, 23 June 2011 and 1 July 2011. Upon the written submissions by both parties to the Court by 22 July 2011, the Honourable Court has, on 27 July 2011, decided in favour of Y&G by dismissing the Plaintiff's claim with costs. The Plaintiff has filed an appeal to the Court of Appeal on 8 August 2011.

(ii) ICP Marketing Sdn Bhd vs MBSB & Lee Hock Soon & Y&G Corporation Bhd (“Y&G”) Shah Alam High Court Suit No. MT5-22-209-2002

Plaintiff had, on 26 March 2002, filed a claim for RM854,369.37 in respect of goods sold (pretentioned spun concrete piles) and delivered in relation to Likas Sport Complex Project at Kota Kinabalu, Sabah against MBSB, RM1,000,000 against Lee Hock Soon as Personal Guarantor of MBSB and RM500,000 against Y&G as Corporate Guarantor of MBSB. Statement of Defence has been filed by MBSB. Plaintiff obtained summary judgment for the claim. The case went for full trial on 14 October 2009 and written submissions have been filed in by both parties. On 16 November 2009, the Honourable Court has granted the Plaintiff's claim against both Lee Hock Soon and Y&G with costs. Y&G has from December 2009 started negotiating with the Plaintiff and both parties have, in April 2010, reached an understanding whereby the Plaintiff shall not pursue any further legal action against Y&G until further discussion.

Status: No action has been initiated by the Plaintiff against Y&G since the reaching of the above understanding in April 2010.

STATUS OF MATERIAL LITIGATIONS AS AT 27 OCTOBER 2011 (Cont'd)

Legal Action against Y&G Corporation Bhd ("Y&G") (Cont'd)

(iii) **Lembaga Pembangunan Perumahan dan Bandar ("LPPB") vs Y&G Corporation Bhd ("Y&G") Kota Kinabalu High Court Suit No. K21-29-2010-II**

Plaintiff had, on 21 June 2010, served a sealed copy of Writ of Summon and Statement of Claim dated 27 May 2010 ("the Writ") claiming for a sum of RM1,767,052.00 ("the Guaranteed Amount") being the guaranteed amount made by the Y&G in pursuant to a Corporate Guarantee Agreement dated 5 August 2003 following the failure on the part of Sierra Estates Sdn Bhd ("SESB") in fulfilling the terms and conditions as per the Second Supplementary Agreement dated 5 August 2003 (with regards to the completion of the 400 units Apartment Project in Labuan), plus 8% interest per annum on the said sum (calculated from the date of judgment until the date of full payment) and other incidental costs. SESB was a former subsidiary of Y&G through subsidiaries namely, Mercedes Builders Sdn Bhd ("MBSB"), Mercedes Builders (S) Sdn Bhd ("MBSSB") and Primalmas Sdn Bhd ("PSB"), and had been deconsolidated from the Group due to the winding-up order issued on MBSSB in Year 2007. As an immediate response to the Writ, Y&G has, on 01 July 2010, attended a meeting (convened by LPPB) at the LPPB's office together with the Chargee Bank (RHB Bank) and all parties have agreed in principle to put on hold the case pending Y&G's submission of its Project Revival Proposal of the aforesaid project. LPPB had, on 12 November 2010, through their Solicitors served a letter dated 08 November 2010 demanding Y&G to pay for the Guaranteed Amount within thirty (30) days. In reply to LPPB's aforesaid letter of demand, Y&G had, on 14 December 2010, written to LPPB to appeal for an extension of submission deadline of the Proposal for another six (6) months from the date thereof. The Plaintiff has, via its letter dated 2 March 2011, agreed to the appeal by extending the submission deadline of the Proposal to 14 June 2011.

Status: Y&G has, on 10 June 2011, submitted a written Revival Proposal to both LPPB and RHB Bank for their due consideration. LPPB has yet to reply to the said Proposal till to date but RHB had rejected the Proposal through their Solicitors' letter dated 25 July 2011, and demanded from Y&G (as alleged Corporate Guarantor) full settlement of the total outstanding sum of RM3,838,007.13 due by SESB to RHB as at 30 June 2011. RHB had, on 11 October 2011, initiated legal action against Y&G claiming for a sum of RM3,941,349.57 due by SESB as at 26 September 2011.[For further details, please refer to Case (v) below]

STATUS OF MATERIAL LITIGATIONS AS AT 27 OCTOBER 2011 (Cont'd)

Legal Action against Y&G Corporation Bhd ("Y&G") (Cont'd)

- (iv) **Expo Electronic Sdn Bhd ("Expo") vs Y&G Corporation Bhd ("Y&G"), Dato' Sri Yap Seng Yew & Datin Sri Gan Li Li.
Shah Alam High Court Suit No. 22NCVC-632-2011**

Plaintiff had, on 2 June 2011, served a sealed copy of a summons in chambers and a writ of summons together with a statement of claim against the Defendants. Expo is seeking an injunction ("the Injunction") to refrain the Defendants from dealing with 15,009,000 shares in Y&G in whatsoever manner including for the purpose of share capital reduction, share consolidation and/or disposal of the said Y&G shares until further orders from the Honourable Court including the full disposal of this action and the suit involving Dato' Sri Yap Seng Yew and Datin Gan Li Li ("the Other Defendants"). The matter was fixed for case management on 6 June 2011 and 22 June 2011 respectively. Upon the case management on 6 June 2011, Y&G was required to file in its Memorandum of Appearance by 13 June 2011 and thereafter, to file its Affidavit-In-Reply and Statement of Defence within two (2) weeks thereof. The case was fixed for further case management on 11 July 2011, while the hearing for the application for Injunction was fixed on 18 July 2011 and subsequently deferred to 4 August 2011.

Status: The Honourable Court had, on 4 August 2011, dismissed Expo's application for Interlocutory Injunction against all the Defendants.

- (v) **RHB Bank Berhad ("RHB") vs. Y&G Corporation Bhd ("Y&G")
Kuching High Court Suit No. KCH-22-184/10-2011**

Plaintiff had, on 11 October 2011, served a sealed copy of Writ of Summons together with the Statement of Claim dated 6 October 2011 ("the Writ") against Y&G claiming for a sum of RM3,941,349.57 (outstanding as at 26 September 2011) ("the Claimed Sum") due by Sierra Estates Sdn Bhd ("SESB") in relation to its banking facilities ("the Banking Facilities") in which Y&G had allegedly acted as corporate guarantor through the Supplemental Guarantee and Indemnity dated 28 June 2001 ("the CG Doc"), with interest thereon at 10.1% per annum until full and final settlement and other incidental costs. The Directors are of the preliminary view that the validity of the CG Doc (executed by the former management) could be questionable and therefore challengeable. Notwithstanding so, the Directors are of the opinion that the Claimed Sum does not have a material financial/operational impact on the Group as the said Banking Facilities have also been secured by a legal charge over the Project Land (as defined in the Writ) (having an estimated market value in excess of the Claimed Sum) in which the Plaintiff had already initiated their foreclosure proceeding against the said Project Land.

Status: The Court has fixed the 8 November 2011 for hearing of the Case.